THE HON'BLE SRI JUSTICE L. NARASIMHA REDDY

W.P.No.19221 of 2005

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Dated 6.09.2005

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Between:

M/s.Sun Shakti Security Services,

Rep.by its Proprietor, Lt.Col.P.R.C.Rao (Retired).

... Petitioner

and

M/s.Container Corporation of India Ltd.,

Rep.by its Managing Director,

Corporate Office, C-3, Mathura Road, New Delhi & others

…Respondents

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ORDER:

The petitioner was awarded the contract of providing security services to M/s Container Corporation of India Limited, the 1st respondent herein. The corresponding agreement was entered into on 13-12-2004, and it is for a period of two years. The petitioner was issued a show cause notice dated 22-08-2005, directing it to explain, within one week, as to why the contract shall not be terminated. Certain alleged irregularities in payment of provident fund for the security

personnel, non-furnishing of relievers etc., were pointed out. The show cause notice is challenged in this writ petition.

Learned counsel for the petitioner submits that the irregularities pointed out in the show cause notice are trivial in nature, and the purpose was only to terminate the contract, on one pretext or the other. He contends that the very fact that the respondents have filed a caveat in this Court, discloses their intention that they are bent upon, terminating the contract.

Sri G. Ramachandra Rao, learned counsel for the respondents, on the other hand, submits that the writ petition is not maintainable, since it is filed against a show cause notice. He contends that, though the respondents had reserved power, under the contract, to terminate it, without issuance of notice, they have chosen to issue the show cause notice, as a measure of their respect for the *Rule of Law*.

Petitioner is not able to point out any material infraction of statutory provision, in the matter of issuance of the show cause notice. The relationship between the petitioner and the respondents is governed by the terms of the contract. It is not as if the show cause notice is issued by an Authority, not vested with the power. The truth or otherwise of the allegations against the petitioner would emerge, only after the petitioner submits the explanation, and the respondents, in turn, pass the order. The writ petition can be said to be premature.

The attention of this Court is drawn to certain portion of the affidavit filed in support of the caveat, which was struck off. It is to the effect that the contract, in favour of the petitioner, was terminated. On this basis the petitioner apprehends that the contract may be terminated at any point of time, and that it would be left without any remedy, in such an event. As many as 70 security guards are said to have been engaged under the contract.

The contract itself provides for issuance of two month's notice for its termination, by either party. The measure initiated by the respondents is by way of penalty. It is true that, as of now, only a show cause notice is issued and, the final action would depend upon the nature of explanation, that may be offered by the petitioner. However, the fear of the petitioner can be allayed by directing that, in the event of the contract being terminated, the further steps shall not be taken for a period of one week.

For the foregoing reasons, the writ petition is disposed of, leaving it open to the petitioner to submit its explanation, within a period of one week from today. On receiving the same, the respondents shall pass appropriate orders. In case, the respondents terminate the contract, in pursuance of the show cause notice, such termination shall not be given effect to, for a period of one week from the date of communication to the petitioner. There shall be no order as to costs.

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L. NARASIMHA REDDY, J.

Dt.06-09-2005

Note: Office to furnish

copy in three days.

(B/O)

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